

LOUISIANA CULTURAL ECONOMY FOUNDATION**FINANCIAL STATEMENTS**

December 31, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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LOUISIANA CULTURAL ECONOMY FOUNDATION

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CLIFTON W. NEWLIN
ROBERT D. WATKINS
EDWARD G. BERSUESSE, JR.
JOHN S. FOLBE



WEGMANN DAZET & COMPANY

MARK D. BOHNET
LISA D. ENGLADE
KERNEY F. CRAFT, JR.
JONATHAN P. KOENIG
JOHN D. WHITE

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Louisiana Cultural Economy Foundation

We have reviewed the accompanying statement of financial position of Louisiana Cultural Economy Foundation (a nonprofit organization) as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

August 13, 2014

Wegmann Dazet & Company

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF FINANCIAL POSITION

December 31, 2013

	2013
ASSETS	
Current assets	
Cash and cash equivalents	\$ 14,963
Accounts receivable	<u>11,196</u>
Total current assets	26,159
Property and equipment, at cost less accumulated depreciation	<u>5,346</u>
Total assets	<u><u>\$ 31,505</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 36,814
Accrued payroll liabilities	<u>9,245</u>
Total current liabilities	<u>46,059</u>
NET ASSETS	
Net assets	
Unrestricted	(24,554)
Temporarily restricted	<u>10,000</u>
Total net assets	<u>(14,554)</u>
Total liabilities and net assets	<u><u>\$ 31,505</u></u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions	\$ 304,935	\$ 10,000	\$ 314,935
State grants	32,500	-	32,500
In-kind contributions	78,665	-	78,665
Special events	15,423	-	15,423
Fiscal agent	98,512	-	98,512
Earned revenue	13,161	-	13,161
	<u>543,196</u>	<u>10,000</u>	<u>553,196</u>
Total revenue			
Expenses			
Program services	441,458	-	441,458
Supporting	173,735	-	173,735
	<u>615,193</u>	<u>-</u>	<u>615,193</u>
Total expenses			
Loss on disposal of equipment	234	-	234
Change in net assets	(72,231)	10,000	(62,231)
Net assets			
Beginning of year	<u>47,677</u>	<u>-</u>	<u>47,677</u>
End of year	<u>\$ (24,554)</u>	<u>\$ 10,000</u>	<u>\$ (14,554)</u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

	Program Services	Supporting Services	Total
Fiscal agent	\$ 120,467	\$ -	\$ 120,467
Healthcare initiative	11,379	-	11,379
Salaries	130,840	89,000	219,840
Payroll taxes and benefits	29,381	14,872	44,253
Professional fees	27,674	16,445	44,119
Office rent	4,000	18,000	22,000
Utilities	1,413	4,245	5,658
Fundraising	21,601	-	21,601
General and administrative	16,038	31,173	47,211
In-kind contributions	78,665	-	78,665
Total expenses	<u>\$ 441,458</u>	<u>\$ 173,735</u>	<u>\$ 615,193</u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2013

	2013
Cash flows from operating activities:	
Change in net assets	\$ (62,231)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,130
Loss on the disposal of assets	234
(Increase) decrease in operating assets:	
Accounts receivable	27,554
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	<u>(19,104)</u>
Net cash used by operating activities	<u>(50,417)</u>
Net decrease	(50,417)
Cash and cash equivalents at beginning of year	<u>65,380</u>
Cash and cash equivalents at end of year	<u><u>\$ 14,963</u></u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

1) Nature of activities

Louisiana Cultural Economy Foundation (the Foundation) strives to be a catalyst for the development and enhancement of the distinct cultural industries of Louisiana by promoting the economic health and quality of life of our cultural economy workforce.

The Foundation provides support to Louisiana's cultural economy to make it in an engine of economic and social rebirth. The support generated by the Foundation is used to support the economic health and quality of life for Louisiana's cultural economy workforce statewide.

2) Summary of significant accounting policies

(a) Financial statement presentation

Financial statement presentation follows the recommendations of the Financial Auditing Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-profit Entities*. Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The statement of activities presents expenses of the Foundation's operations functionally between program measurement, and management and general. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

(b) Basis of accounting

The accompanying financial statements have been prepared based on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

(c) Income taxes

The Foundation has received a tax-exempt ruling under Section 501(c)(3) of the Internal Revenue Code, and accordingly, is not subject to federal taxes unless the Foundation has unrelated trade or business income.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Tax years ended December 31, 2010 and later remain subject to examination by the taxing authorities. As of December 31, 2013, management of the Foundation believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

(d) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See Independent Accountants' Review Report.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

2) Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(f) Property and equipment

Property and equipment are recorded at cost. Donations of property and equipment are recorded as property and equipment at their estimated fair value. It is the Foundation's policy to depreciate the assets over their estimated useful life of five (5) years using the straight line depreciation method. Expenditures for maintenance and repairs are charged to expense as incurred.

(g) Promises to give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

(h) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. A restriction expires when a stipulated time constraint ends or the purpose of the restriction is accomplished. At that point, the restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

3) Property and equipment

A summary of property, plant, and equipment and depreciation are as follows as of December 31, 2013:

Furniture, fixtures, and equipment	\$ 1,482
Computer equipment	13,384
Less accumulated depreciation	<u>(9,520)</u>
Total property and equipment	<u>\$ 5,346</u>

Depreciation expense for the year end December 31, 2013 was \$3,130.

4) Restrictions on assets

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or for use in subsequent periods. These restrictions are considered to expire when payments for restricted purposes are made.

Temporarily restricted net assets are available for the following purposes or periods:

City of New Orleans \$ 10,000

There were no net assets released from temporarily restricted during 2013.

5) Leases

The Foundation maintains an operating lease for office space in New Orleans and Lafayette, Louisiana. During 2013, the rent was \$22,000. Beginning in 2014 the Foundation received donated office space.

6) Concentrations of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Foundation may, at times, have deposits in excess of the FDIC insured limits. The Foundation has not experienced any losses in such accounts. The Foundation has no policy requiring collateral or other security to support its deposits.

At December 31, 2013, accounts receivable consisted of three donors whom each accounted for more than 10% of the Foundation's total trade accounts receivable.

In 2013, there were four donors whom contributed 50% of the Foundation's total revenue.

7) Subsequent events

Management evaluated subsequent events through August 13, 2014 the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

See Independent Accountants' Review Report.

LOUISIANA CULTURAL ECONOMY FOUNDATION
SCHEDULE OF FINDING AND RESPONSE

For the Year Ended December 31, 2013

SCHEDULE OF FINDING RELATED TO THE FINANCIAL STATEMENTS

Significant Deficiency

2013-1

Condition: Failure to provide reviewed financial statements to the State of Louisiana within the required six month time frame due to the restructure of the organization.

Criteria: Internal controls should be in place that provides reasonable assurance that the review is completed and the report is submitted timely by management.

Recommendation: Procedures should be implemented to ensure that the review is completed and submitted within the timeframe required by the State of Louisiana's audit law.

Views of Responsible Officials and planned Corrective Actions: Management of Louisiana Cultural Economy Foundation agrees with the finding and has addressed the failure by engaging an accountant to perform the review. Once the review is completed, the review report will be submitted.